

OFFICE OF CONGRESSIONAL AFFAIRS

Routing Slip

	ACTION	INFO
1. D/OCA		X
2. DD/Legislation	X	<input checked="" type="checkbox"/>
3. DD/Senate Affairs		X
4. Ch/Senate Affairs		
5. DD/House Affairs		X
6. Ch/House Affairs		
7. Admin Officer		
8. Executive Officer		
9. FOIA Officer		
10. Constituent Inquiries Officer		
11.		
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File
DOP
prop.

SUSPENSE

28 JAN 88

Date

Action Officer:

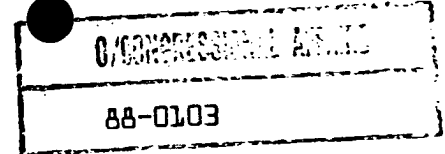
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Remarks:

Sept 40
1/22/88 Action completed

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THE WHITE HOUSE
WASHINGTON



January 16, 1988

NOTE FOR:

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DEPUTY DIRECTOR
OFFICE OF CONGRESSIONAL AFFAIRS
CENTRAL INTELLIGENCE AGENCY

FROM:

DAVID S. ADDINGTON *DSA*
SPECIAL ASSISTANT TO THE PRESIDENT
FOR LEGISLATIVE AFFAIRS

SUBJECT: Package for Mo on DOD Proprietaries Legislation

At Dave Doherty's bon voyage event, I promised to send to through you the following material on the Administration's initiative to secure legislation to authorize the Secretary of Defense to establish commercial entities to provide cover for DOD foreign intelligence collection activities:

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- a capsule summary of H.R. 3150;
- a copy of the bill;
- the section-by-section explanation of the bill from the Congressional Record;
- Deputy Secretary of Defense Taft's letter of December 1, 1987 endorsing H.R. 3150 for the Administration and recommending modifications; and
- CIA Director of Congressional Affairs Gries's letter of December 9, 1987 expressing support for the legislation.

Please call (456-7092) if there are questions.

DEFENSE INTELLIGENCE COMMERCIAL ENTITIES ACT (H.R. 3150)

CAPSULE SUMMARY

[For a detailed explanation, see the Congressional Record of August 6, 1987, page E3305]

The bill authorizes the Secretary of Defense to establish, with appropriate safeguards and accountability, commercial entities to provide cover for Department of Defense (DOD) foreign intelligence collection activities. The commercial entities will conceal those activities under cover of the entities' overt commercial functions.

Commercial cover is especially valuable to facilitate the collection of intelligence in areas of the world in which the United States has critical interests, but has little or no official presence.

The legislation provides for tough safeguards and stringent accountability to ensure effective and proper use of the authority for defense intelligence commercial entities.

Under the bill, the Secretary of Defense may authorize establishment and operation of a defense intelligence commercial entity only when it is essential to an authorized DOD foreign intelligence collection activity and only for a period of not to exceed two years. The Secretary also must obtain the concurrence of the Director of Central Intelligence, who coordinates U.S. foreign intelligence collection activities, and the Attorney General, who is the U.S. Government's chief legal officer. The same requirements apply to renewal of authority to operate a defense intelligence commercial entity when the period of prior authorization expires.

The legislation provides for strict management, operational, security, legal, and accounting controls on defense intelligence commercial entities, including annual financial and program audits.

The bill will improve substantially the capability of DOD intelligence components to collect the intelligence that U.S. military commanders need to carry out their missions and protect their forces.

100TH CONGRESS
1ST SESSION

H. R. 3150

To amend title 10, United States Code, to authorize the Secretary of Defense to provide cover for Department of Defense foreign intelligence collection activities through the establishment and operation of commercial entities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 1987

Mr. IRELAND introduced the following bill; which was referred jointly to the Committees on Armed Services and the Permanent Select Committee on Intelligence

A BILL

To amend title 10, United States Code, to authorize the Secretary of Defense to provide cover for Department of Defense foreign intelligence collection activities through the establishment and operation of commercial entities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Defense Intelligence
4 Commercial Entities Act".

5 SEC. 2. (a) Chapter 21 of title 10, United States Code,
6 is amended—